



Press release, September 16, 2014

Diamyd Medical and Protein Sciences deepen commitment to develop new treatment for diabetes

Diamyd Medical (NASDAQ OMX First North, Ticker: DMYD B) and Protein Sciences Corporation announced today that Protein Sciences has broadened its commitment to diabetes and become a strategic and significant shareholder in Diamyd Medical, its long-time partner in this domain. Protein Sciences will manufacture product for upcoming late stage clinical trials for type 1 diabetes involving Diamyd Medical's recombinant GAD (glutamic acid decarboxylase) protein made using Protein Sciences' proprietary Baculovirus Expression Vector System (BEVS) technology. The diabetes vaccine Diamyd[®] (GAD formulated with alum) has been evaluated as a monotherapy for type 1 diabetes in a Phase III study and data suggests that Diamyd[®] may be a critical component of combination therapies that pairs the tolerance-inducing GAD antigen with anti-inflammatory agents for the treatment and prevention of type 1 diabetes. This is being evaluated in ongoing and upcoming Phase II studies.

Under the Agreement Diamyd Medical is placing an order for cGMP production of recombinant GAD protein for which Protein Sciences receives a cash payment and 400,000 new series B shares in Diamyd Medical corresponding to a 2.0% ownership in Diamyd Medical. The ownership stake will make Protein Sciences a strategic and one of the largest shareholders in Diamyd Medical. 100,000 of the new shares will be issued upon entering the Agreement and the remainder at completion of production. The shares will be issued under the Annual General Meeting's authorization of the Board.

“Diamyd Medical has been a longstanding partner of Protein Sciences, and we believe their approach to treating diabetes holds great promise,” said Dan Adams, Executive Chairman of Protein Sciences. “The GAD product is an excellent demonstration of the versatility of our BEVS platform that can be used to make a wide variety of products, including our revolutionary Flublok[®] influenza vaccine.”

“It is strategically important for the development of Diamyd[®] that the relationship between manufacturing and commercialization is deepened and we welcome Protein Sciences to become one of our largest shareholders,” said Anders Essen-Möller, Chairman of Diamyd Medical. “We believe their technology is the best for making recombinant proteins such as GAD. FDA approval of Flublok only makes the platform more valuable to partners such as us, as the significant regulatory hurdles that typically face new technologies have already been cleared.”

About Diamyd[®]

Diamyd[®] is an antigen based therapy (ABT) under development for the treatment and prevention of autoimmune diabetes. Diamyd[®] has been used in trials totaling more than one thousand patients with an excellent safety profile. Diamyd[®] has shown an overall 16% efficacy (p=0.1) versus placebo regarding preservation of the patients' endogenous insulin secretion in a European Phase III trial and is currently being further developed in combination regimens with other therapeutic compounds. Diamyd[®] is easy to administer in any clinical setting.

About Diamyd Medical

Diamyd Medical is dedicated to fight type 1 diabetes and to work towards a cure for the disease. Diamyd Medical's current projects include development of combination regimens for arresting the successive destruction of insulin producing beta cells using the Company's GAD65-based diabetes vaccine Diamyd[®], such as Diamyd[®] + Vitamin D with or without an anti-inflammatory compound; and Diamyd[®] + GABA, for which Diamyd Medical licenses exclusive intellectual rights from the University of California in Los Angeles (UCLA). Diamyd Medical has further acquired 46% of the stem cell company Cellaviva AB that is establishing a Swedish commercial bank for private family saving of umbilical cord blood and other sources of stem cells. Stem cells are required for Personalized Regenerative Medicine (PRM), for example to restore beta cell mass in diabetes patients where autoimmunity has been arrested.

Remium Nordic AB is the Company's Certified Adviser.

About Protein Sciences

Protein Sciences is a vaccine development and protein production company that is dedicated to saving lives and improving health through the creation of innovative vaccines and biopharmaceuticals. Flublok, the world's first recombinant protein-based vaccine for the prevention of seasonal influenza disease, was approved by FDA in January 2013. Flublok is the only flu vaccine made in a 100% egg-free system using modern cell culture technology, making it unnecessary to use an infectious influenza virus or antibiotics in manufacturing. Flublok is highly purified and does not contain any preservatives (e.g., thimerosal, a mercury derivative), egg proteins, gelatin or latex. In addition, Flublok is triple the strength of conventional influenza vaccines. Flublok is a perfect copy of the virus coat and is not subject to the egg-adapted mutations associated with low vaccine effectiveness (see Skowronski et al. (2014) PLOS ONE 9(3), e92153). Protein Sciences has filed for FDA approval of Flublok for ages 50 and above and expects to receive approval in time for the 2014/15 influenza season.

Healthcare professionals in the U.S. can order Flublok by contacting FFF Enterprises at 800-843-7477 or ASD Specialty Healthcare at 866-281-4FLU.

Learn more at www.proteinsciences.com and www.flublok.com.

Flublok Safety Information

Flublok is approved for people 18-49 years old to prevent influenza disease. The most common side effect from Flublok is pain at the site of injection. Other side effects may occur and include fatigue, headache and muscle aches.

Flublok should not be administered to anyone with a severe allergic reaction (e.g., anaphylaxis) to any vaccine component.

Tell the doctor if you have ever experienced Guillain-Barré syndrome (severe muscle weakness) within 6 weeks of receipt of a previous dose of influenza vaccine. If you notice any other problems or symptoms following vaccination, please contact your healthcare professional immediately. Vaccination with Flublok may not protect all individuals.

Please see the complete Package Insert available at www.flublok.com or call 203-686-0800 for more information.

For further information, please contact:

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